

# Africa Economic Outlook

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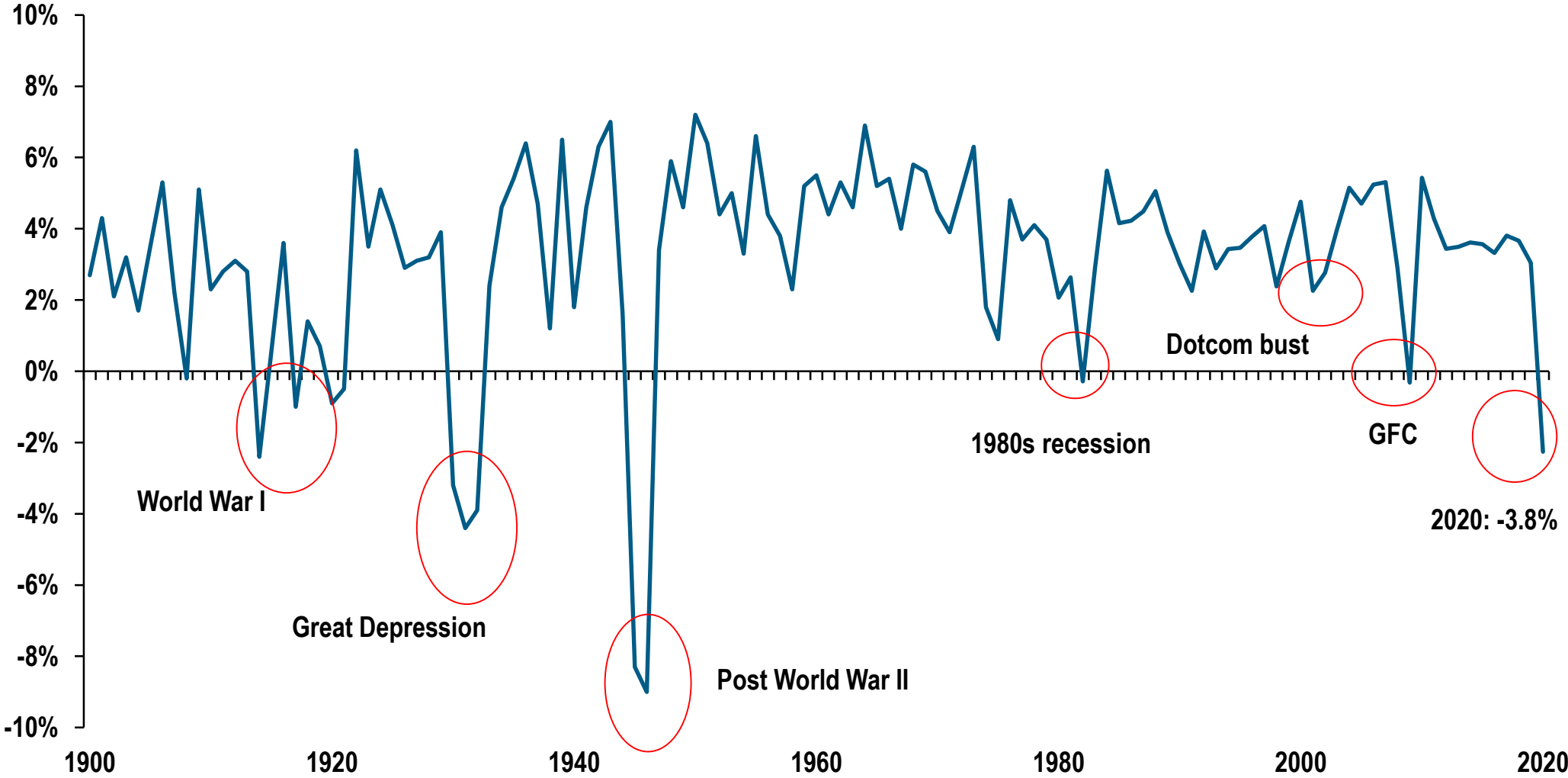


# The global backdrop

# The 2020 global recession is looking to be historic in scale

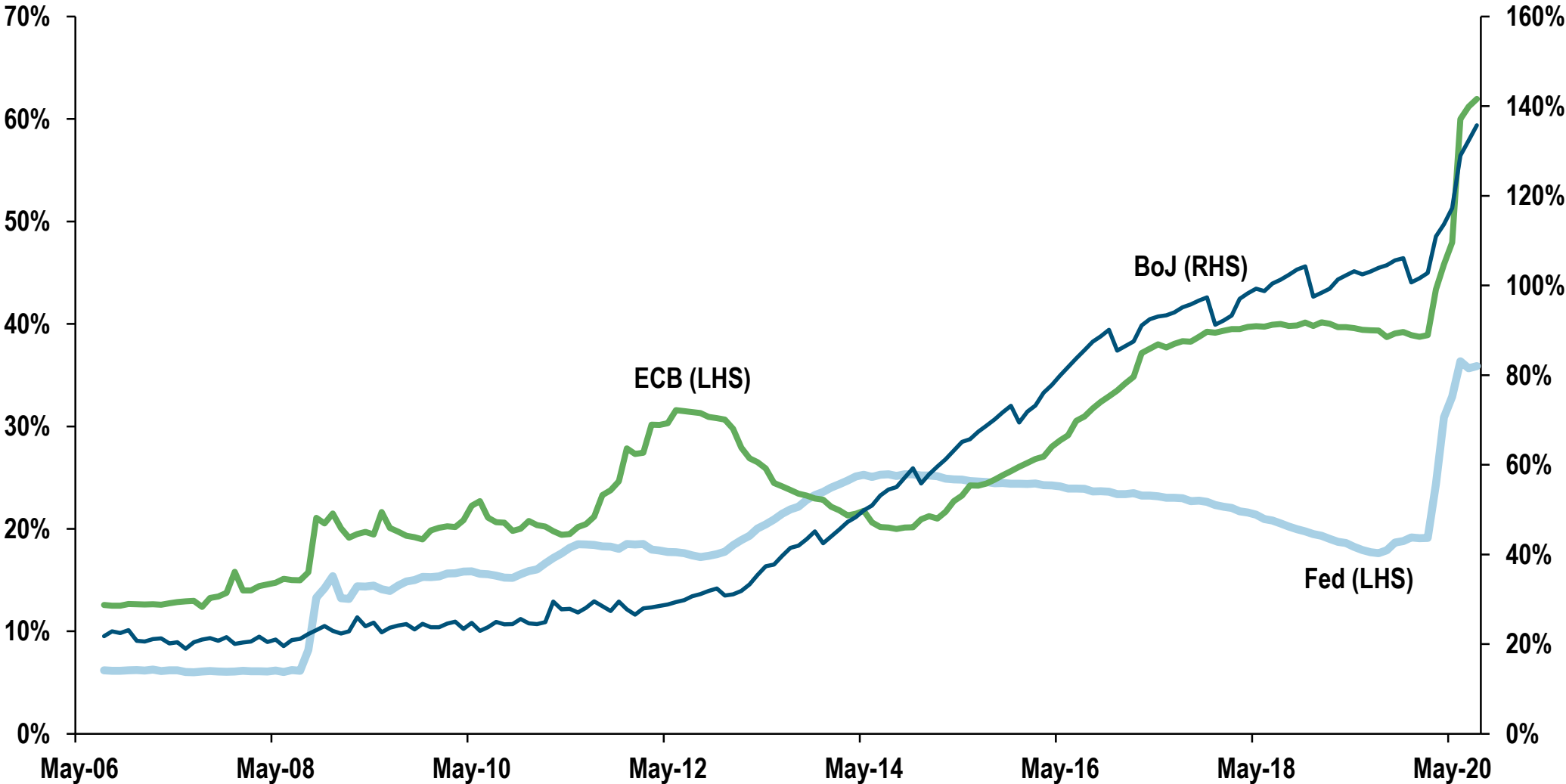
## Multiple uncertainties cloud the path to a global economic recovery in 2020

Global GDP growth since 1900, % y/y



# Central bank asset purchases reach new records

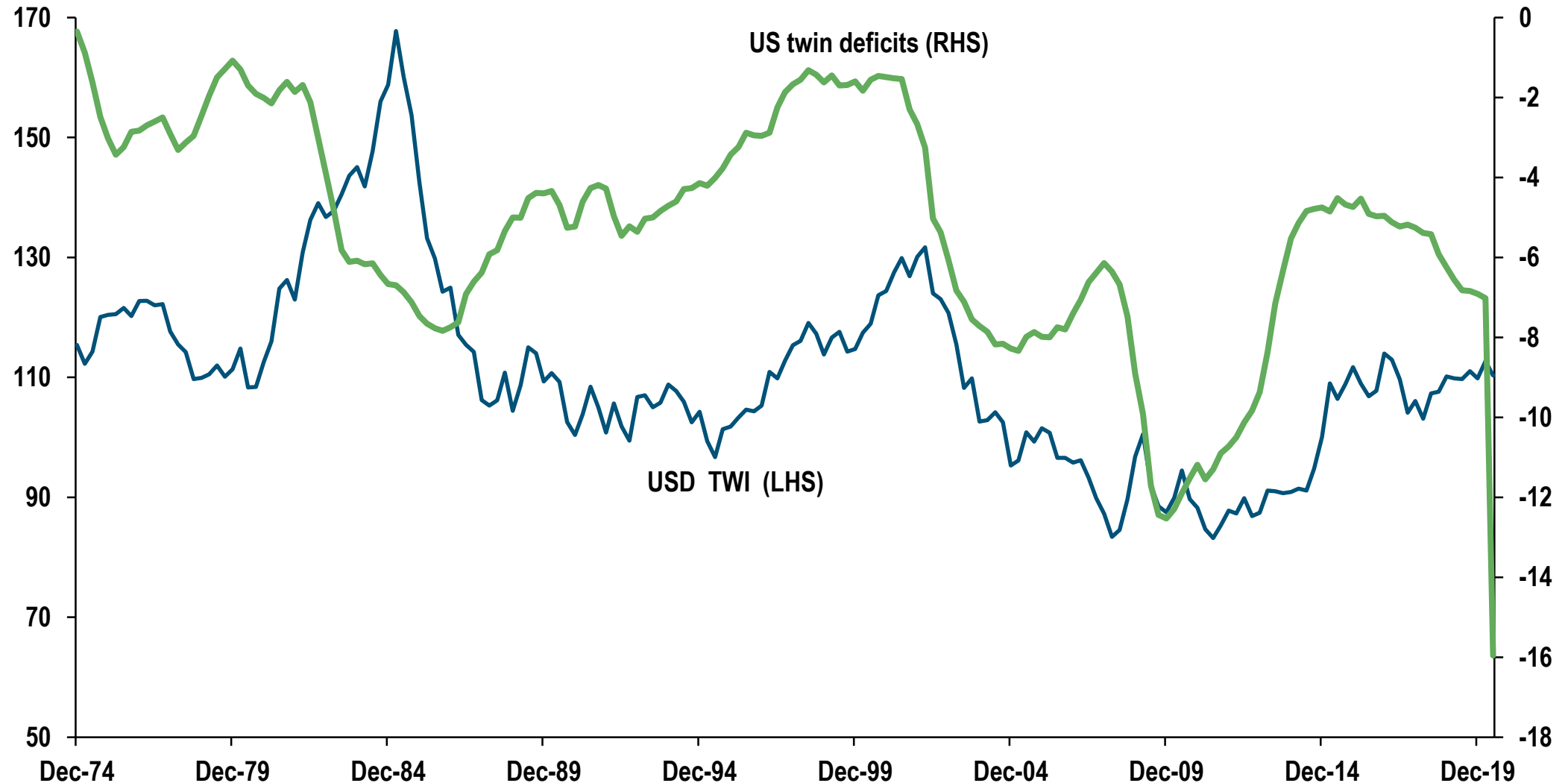
## G3 central bank balance sheets *Fed, ECB, BoJ balance sheets, % GDP*



# Widening US deficits are a growing risk for the USD

## When do fiscal deficits matter for the USD?

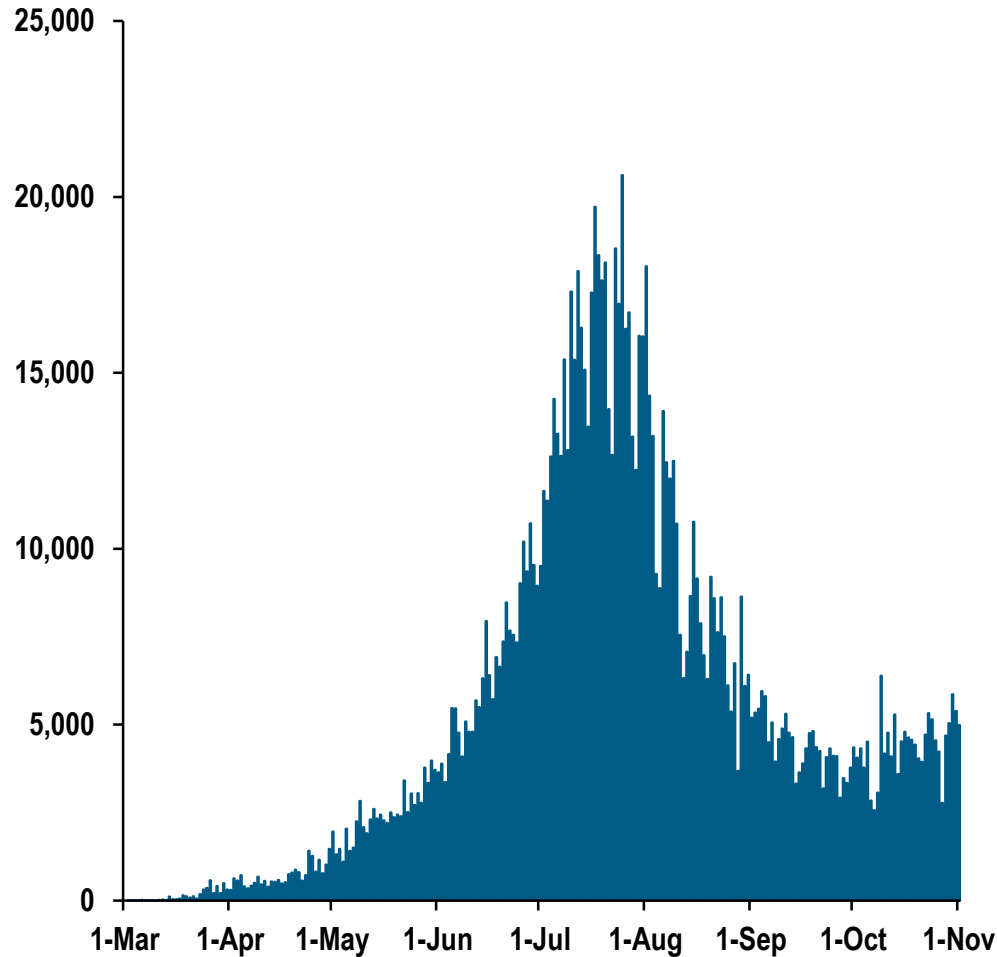
USD narrow TWI (LHS) vs US fiscal + C/A deficits, % of GDP (RHS)



# Africa – Macro trends

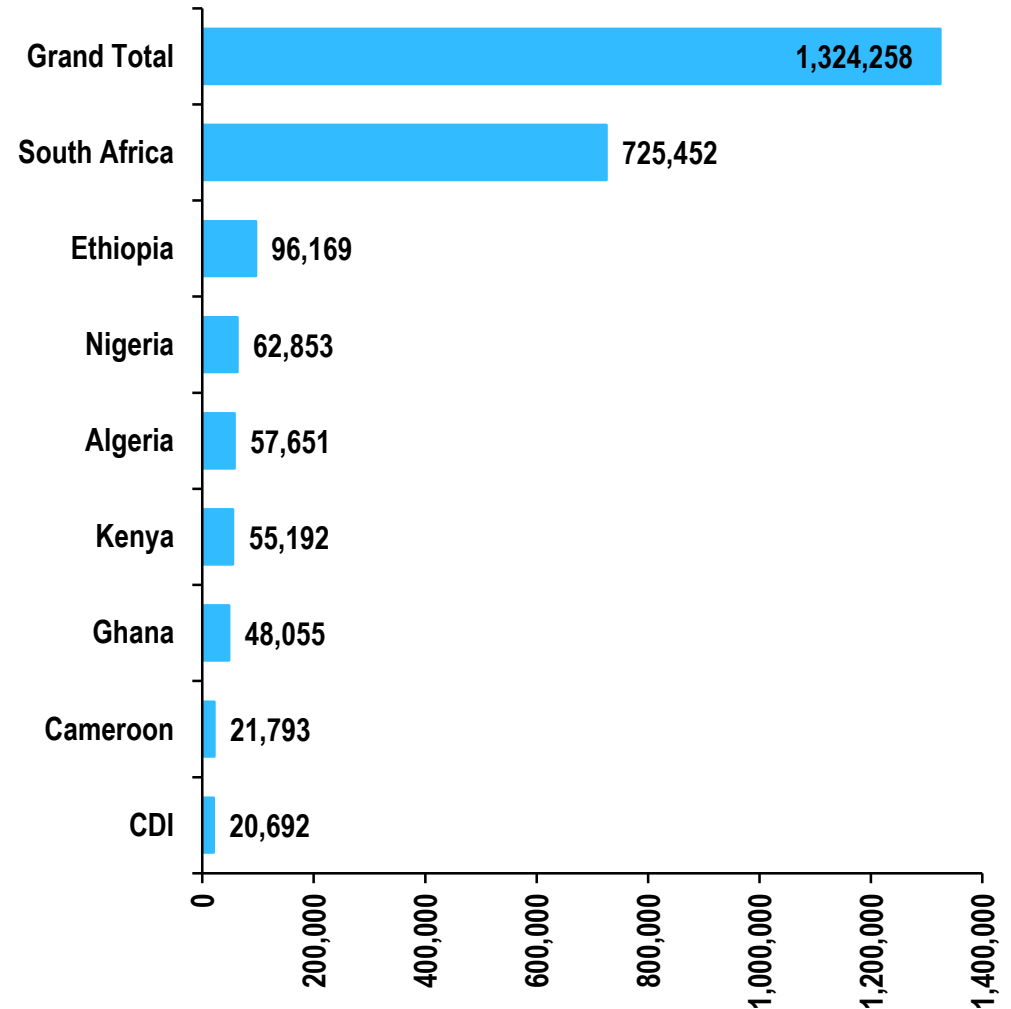
# SSA – Health impact of pandemic not as severe as initially feared...

## New confirmed COVID cases have fallen *Confirmed cases in Africa*



Source: WHO, Standard Chartered Research

## Over 50% of Africa's cases are in South Africa *Confirmed COVID cases to 1 November*

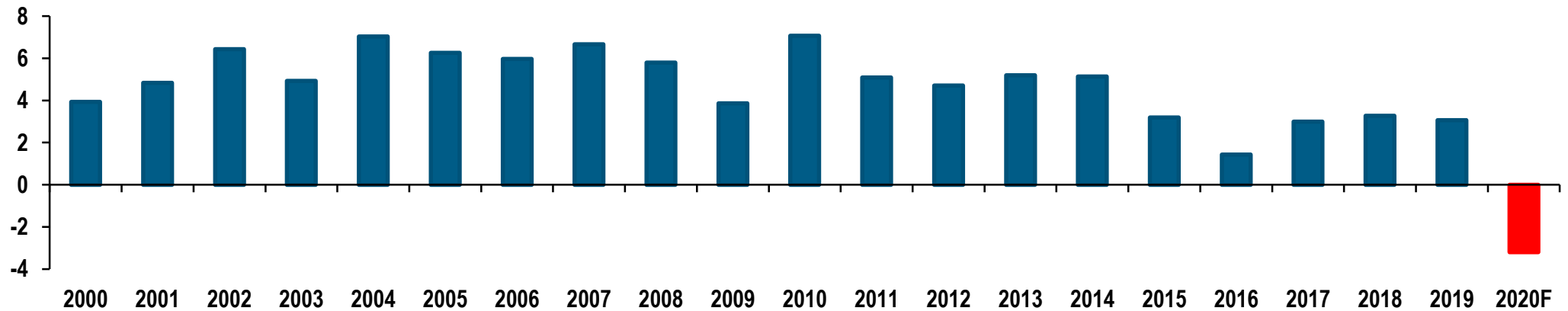


Source: WHO, Standard Chartered Research

# ...but economic fallout could reverse a decade of development

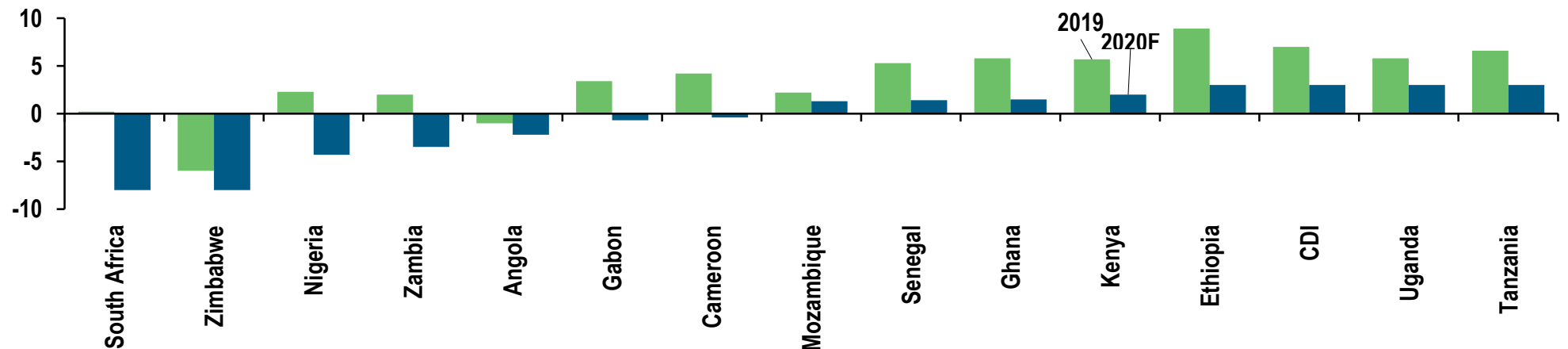
## Overall 2020 SSA growth is likely to contract

SSA GDP, % y/y



## Individual economies are all impacted

GDP, % y/y

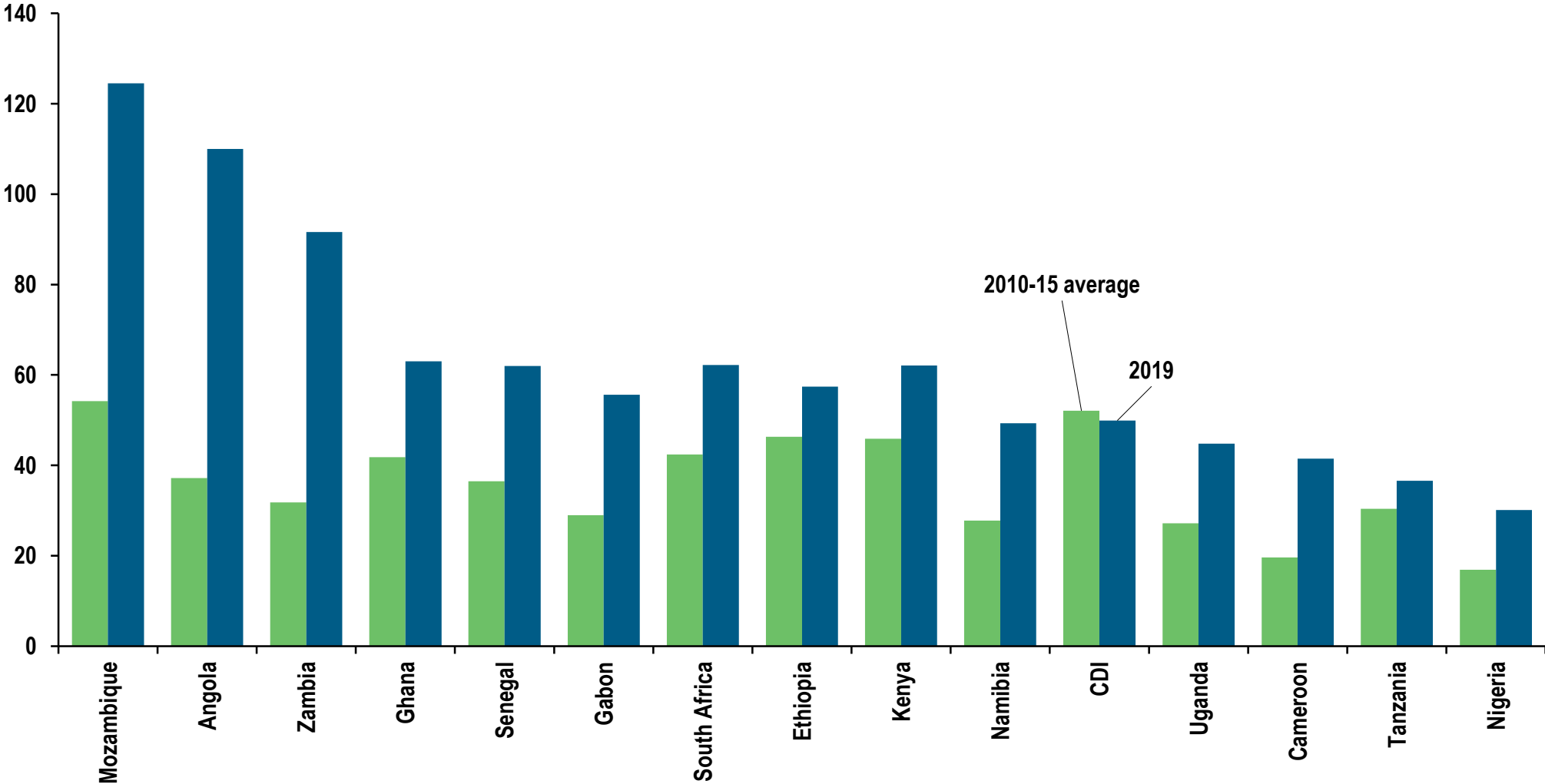




# SSA – Debt vulnerability in focus

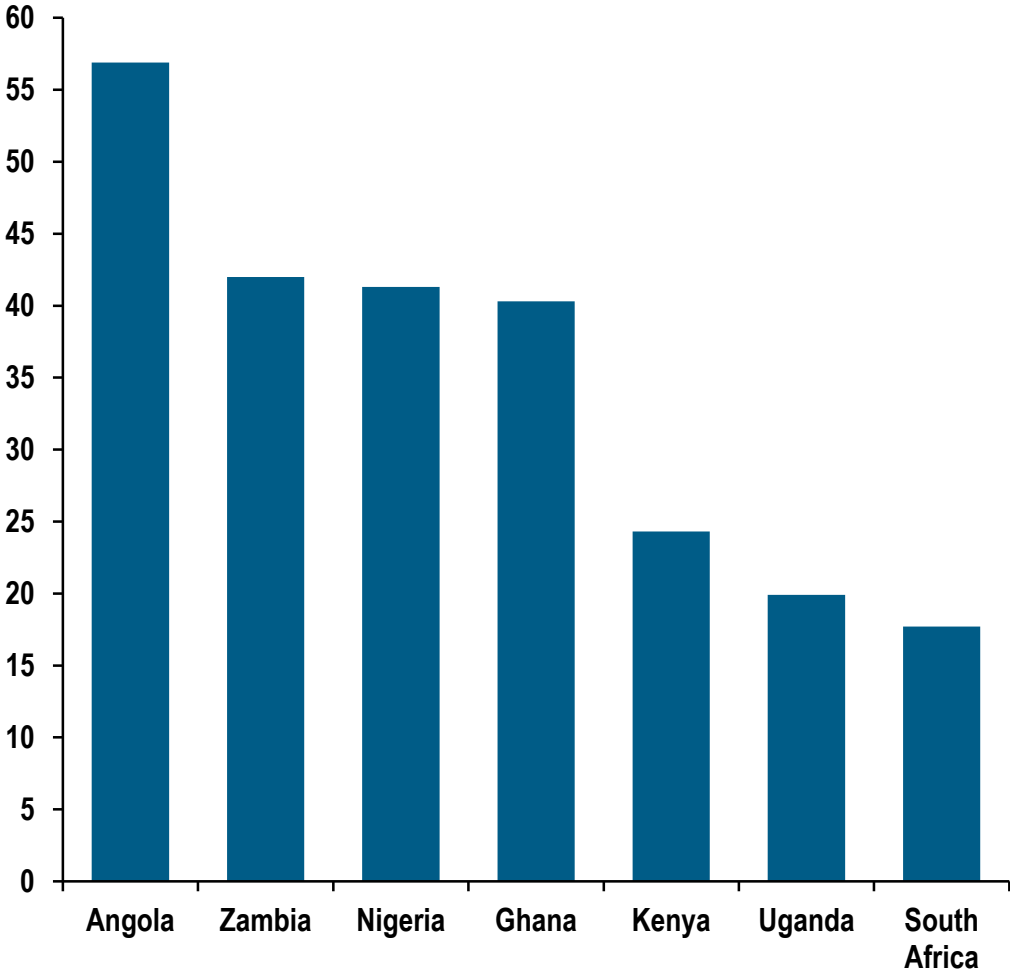
## COVID-19 crisis to exacerbate public debt ratios

Public debt, % of GDP



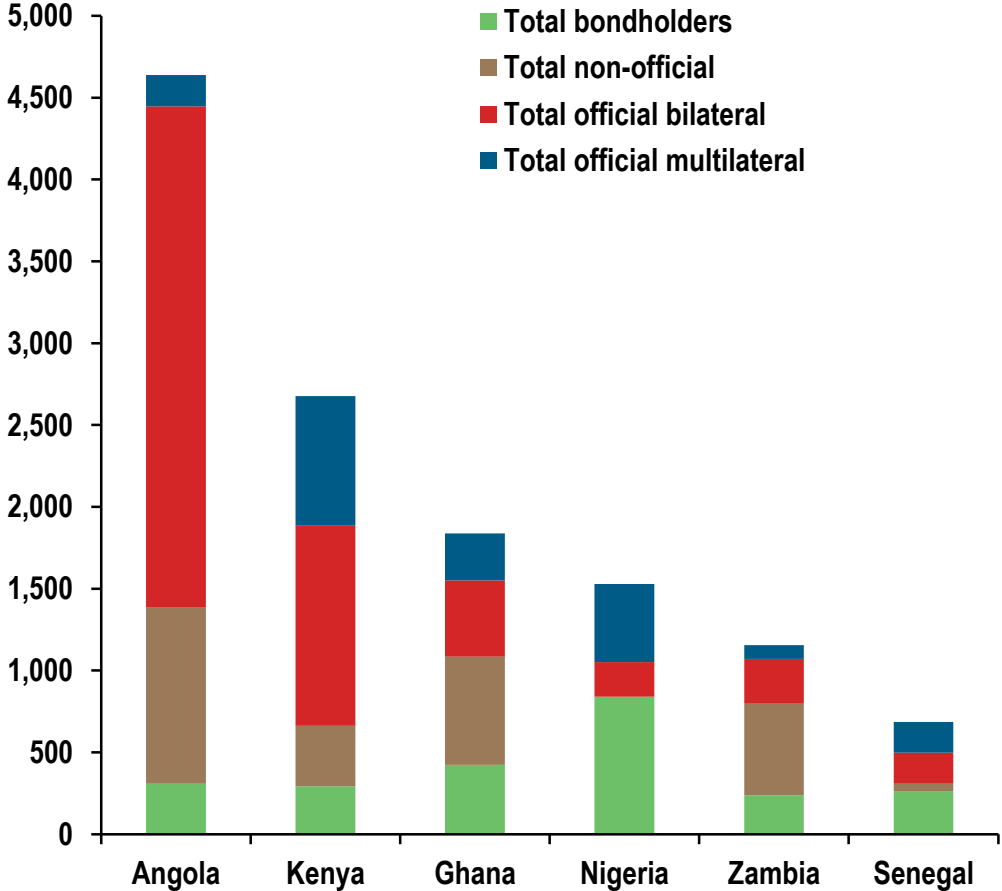
# Calls for an extension to the G20 debt service suspension initiative

**Debt service in focus amid falling revenue**  
*2020 interest payments, % of general government revenue*



Source: Fitch, Standard Chartered Research

**Multilateral & official creditor debt relief may help, but large payments are due to Eurobond holders**  
*Distribution of external debt service, 2020, USD mn*

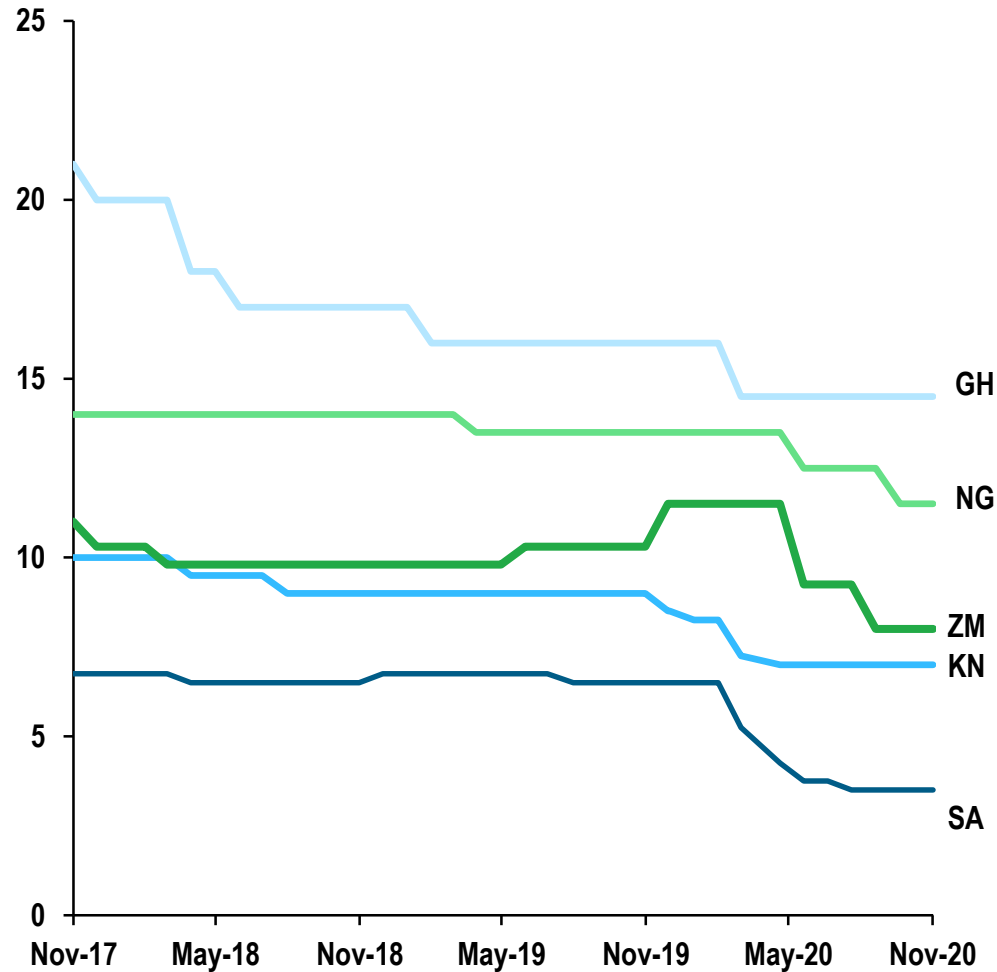


Source: World Bank, Standard Chartered Research

# SSA – The end of the easing cycle (mostly)

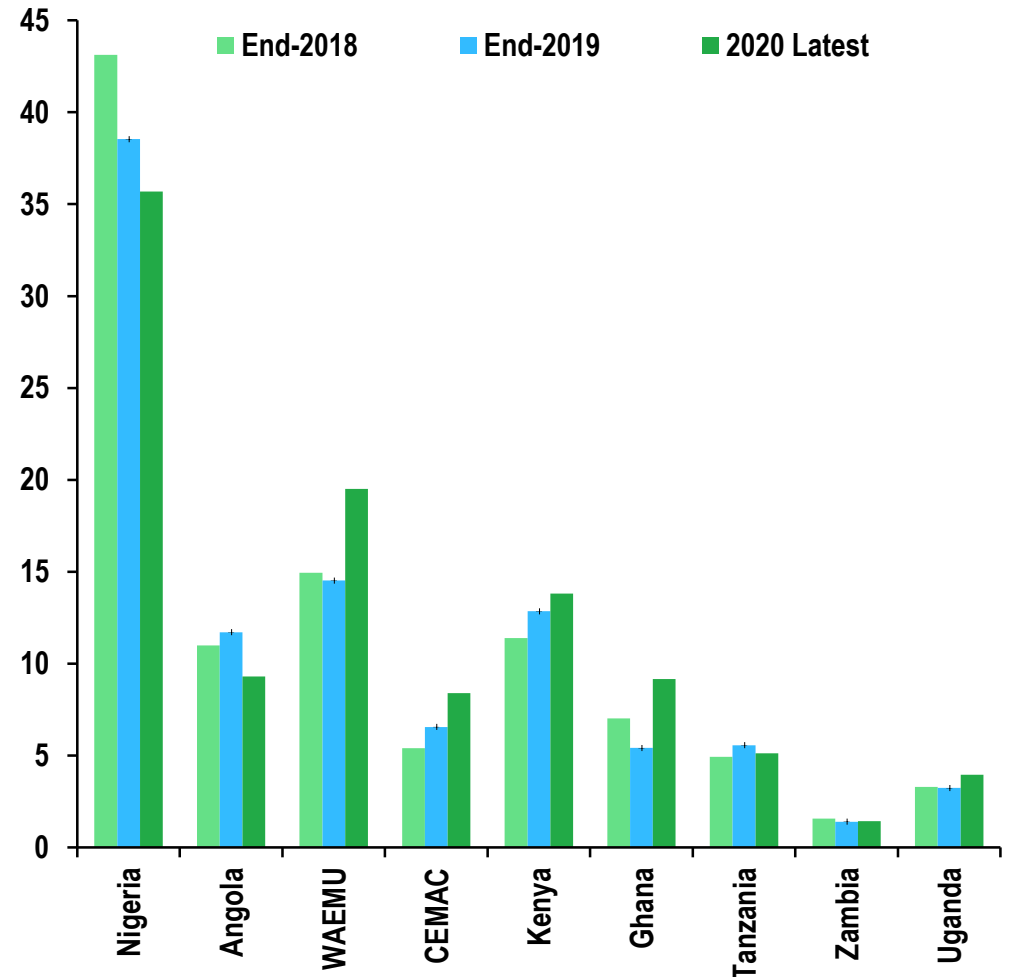
## COVID-driven monetary policy easing

Policy rate, %



Source: Central banks, Standard Chartered Research

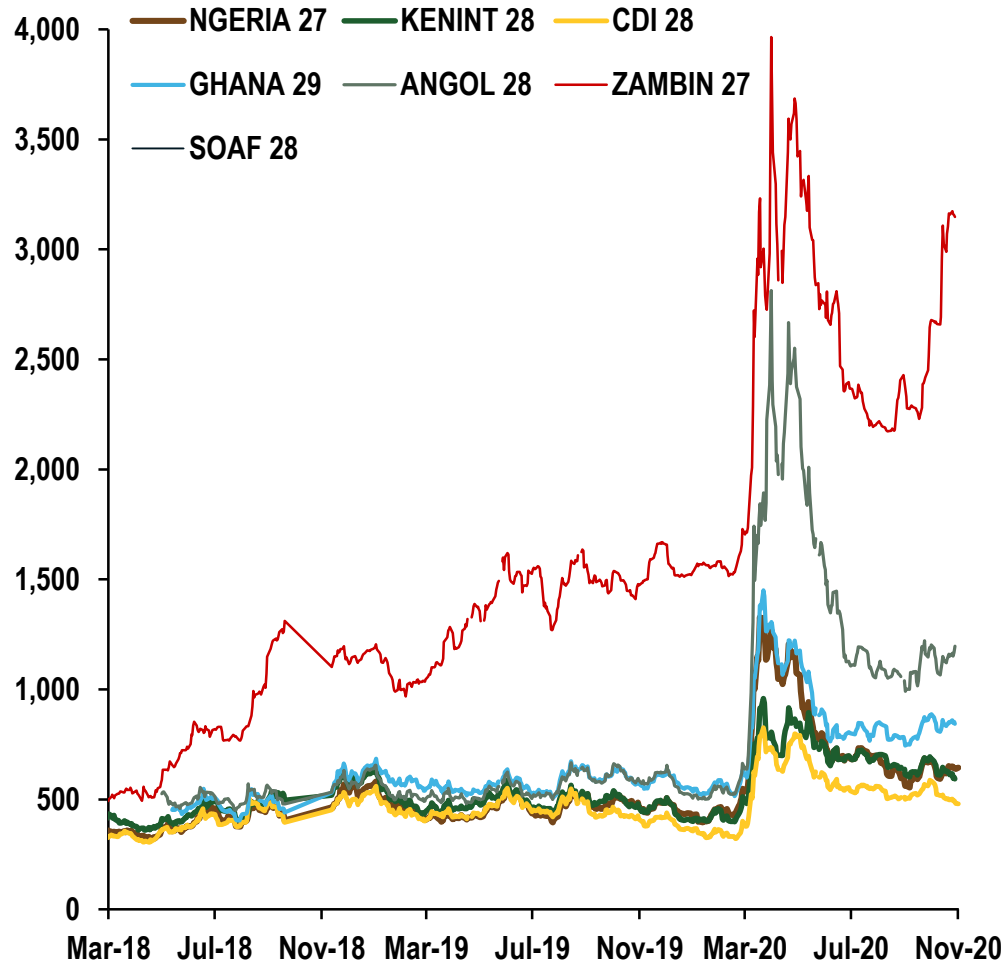
## FX reserves likely to remain pressured, despite emergency IFI assistance (reserves, USD bn)



Source: Bloomberg, central banks, Standard Chartered Research

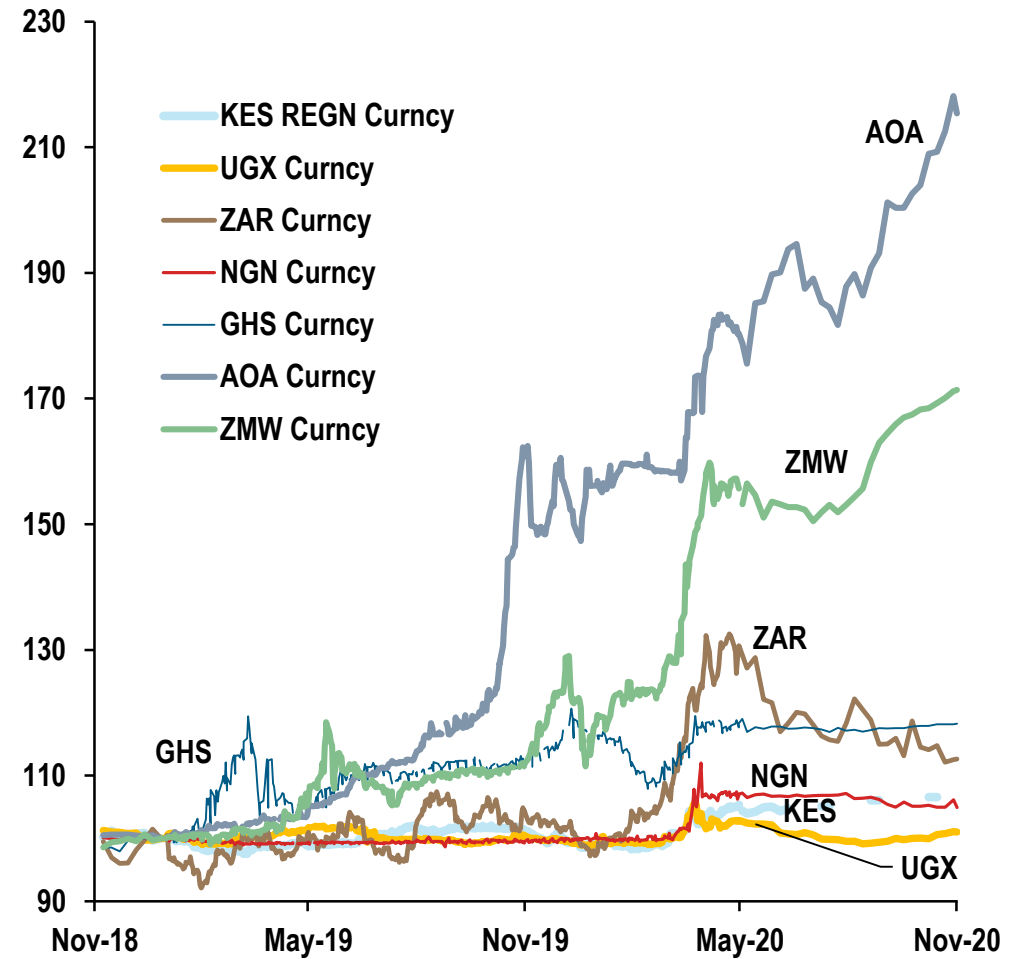
# Spread tightening since March, but uncertainty persists

## Market sentiment is still shaky (mid Z-spread)



Source: Bloomberg, Standard Chartered Research

## Some FX market volatility has returned January 2019=100, USD-LCY



Source: Bloomberg, Standard Chartered Research

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